

Champaign County Investment Policy

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In accordance with Illinois law, Section 2.5 of the Public Funds Investment Act, this policy is established for the investment of all funds managed by the Champaign County Treasurer.

Investment Goals:

1. **Safety** of the principal of each fund
2. **Liquidity** consistent with the cash flow needs of Champaign County government
3. **Yield** maximized within the limits of minimizing risk
4. **Timeliness** so that funds are deposited within two working days for a period of one day or longer at the best prevailing rate consistent with safety, liquidity and yield as well as compliance with Illinois law.

Prudent Person Standard:

Investments shall be made with judgment and care under prevailing circumstances as persons of prudence, intelligence and discretion would exercise in the management of their own financial affairs: not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

Delegation of Authority:

Management of the investment program is hereby delegated to the Champaign County Treasurer who shall be responsible for all transactions and for establishing a system of controls.

Ethical Standards:

The Champaign County Treasurer and the appointed Chief Deputy Treasurer shall refrain from personal business activity that could conflict with the proper execution of the investment program or impair their ability to make impartial investment decisions. They shall disclose any material financial interests in financial institutions that conduct business with Champaign County and they shall further disclose any material personal investments related to the performance of the portfolio.

Authorized Financial Institutions

The Champaign County Treasurer has the sole responsibility to select which financial institutions may be depositories for Champaign County funds. The Champaign County Board per ILCS 55 5/3-11002 and by resolution will approve these financial institutions. When choosing a financial institution, the Treasurer will take into consideration its security, size, location, condition, service, fees and community involvement. Total county investments and deposits shall not exceed 75% of an individual financial institution's capital stock and surplus.

At the request of the Champaign County Treasurer, authorized financial institutions shall provide their most recent financial statements or report of condition for review. No public deposit shall be made except in a "qualified public depository" as defined by Illinois law.

Permissible Investments

The Champaign County Treasurer may invest in any instrument authorized by Section 2 of the Public Funds Investment Act (30 ILCS 235/).

If either or both the Public Funds Investment Act or the Counties Code at 55 ILCS 5/3-11006 is amended and one or more investments are no longer permissible, any newly ineligible investments will be allowed to mature or can be sold immediately at the County Treasurer's discretion.

Accepted Collateral Instruments

At all times the Champaign County Treasurer will require that deposits in excess of FDIC and FCUA insurable limits be fully collateralized at 105% using instruments as follows. **Please note: any security with a floating, variable, inverse, structured or step-up feature is unacceptable.**

1. Bonds, notes or other securities constituting direct and general obligations of the United States, or of any agency or instrumentality of the United States, the interest and principal of which is unconditionally guaranteed by the United States, and bonds, notes or other securities of indebtedness constituting the obligation of a U.S. agency or instrumentality.
2. Direct and general obligation bonds of the State of Illinois or of any other state of the United States rated AAA, AA or A by at least one nationally recognized statistical rating organization.
3. Revenue bonds of this State or any authority, board, commission or similar agency thereof rated AAA, AA or A by at least one nationally recognized statistical rating organization.

4. Letters credit issued by the Federal Home Loan Bank of Chicago.
5. Direct and general obligation bonds of any city, town, county, school district or other taxing body of any state, the debt service of which is payable from general ad valorem taxes rated AAA, AA or A by at least one nationally recognized statistical rating organization.
6. Revenue bonds of any city, county or school district of the State of Illinois rated AAA, AA or A by at least one nationally recognized statistical rating organization.

Safekeeping of Collateral

Third-party safekeeping is required for all collateral. To accomplish this, a security can be held at the following locations:

1. A Federal Reserve Bank or branch office
2. A trust department of a commercial bank or with another financial institution that is not owned or controlled by the same institution or holding company.

All collateral is subject to acceptance by the Champaign County Treasurer. The right of collateral substitution is granted.

Any financial institution pledging collateral shall supply a report at the end of each month, listing the description of the collateral pledged and its value.

Diversification

It is the policy of the Champaign County Treasurer to diversify the investment portfolio. Investments shall be diversified to eliminate the risk of loss resulting from an over concentration in a specific issuer, maturity or class of security.

Maximum Maturities

To the extent possible, the Champaign County Treasurer will attempt to match the maturity of investments with anticipated cash flow requirements. The Treasurer will not directly invest in securities maturing more than 2 years from the date of purchase. However, from time to time, Champaign County issues bonds for various projects. The proceeds from such bonds may be invested in securities exceeding 2 years maturity if such investment coincides as nearly as practical with the expected use of the funds.

Reporting

Investment reports will be prepared as required by statute or more frequently as needed. The reports may include, but are not limited to, a listing of individual securities held by the end of the reporting period, including maturity date, institution, interest rate and income earned.

The Champaign County Treasurer will provide any additional reports requested by the Champaign County Board within thirty days.

Security Controls

Only the Champaign County Treasurer and the appointed Chief Deputy Treasurer are authorized to purchase and sell investments, release and substitute pledged collateral, execute wires to and from Illinois Funds, and execute any documents required under this policy.

Indemnification

Investment officers acting within the written procedures of this investment policy, as well as the applicable local, state and federal laws and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely manner and appropriate action is taken to control adverse developments.

Performance Measurement

This investment policy is designed to obtain a market average rate of return, taking into account investment risk constraints and cash flow needs.

Market Yield (Benchmark)

The Champaign County Treasurer's investment strategy is conservative. The basis used by the Treasurer to determine whether market yields are being achieved shall be the current three-month U.S. Treasury Bill and/or the average Fed Funds rate. Since these instruments are relatively risk-free benchmarks, they are a minimum standard for the portfolio's rate of return. The investment program shall seek to achieve returns above this threshold, consistent with the investment objectives described earlier in this document.

Outside Audit

An independent external auditor will review investment records annually to assess compliance with this policy.

Investment Policy Adoption

The Public Funds Investment Act (30 ILCS 235/2.5) states that “...for purposes of the State or a County, the Investment Policy shall be adopted by the elected Treasurer and presented to the Chief Executive Officer and the Governing Body.”

Review

The Investment Policy shall be reviewed annually by the Champaign County Treasurer and any modifications will be forwarded to the County Board Chairman and the County Executive.

Public Availability

The Investment Policy shall be made available to the public at the Champaign County Treasurer’s office, 1776 E. Washington Street, Urbana, Illinois (Brookens Administrative Center) and on-line at the County Treasurer’s page on the Champaign County website:
www.co.champaign.il.us/treasurer

